Notice to State Health Benefits Program Participants about Compliance with Federal Health Insurance Requirements

This notice is being provided to inform you about State Health Benefits Program (SHBP) conformance with federal health insurance regulations.

The Health Insurance Portability and Accountability Act (HIPAA), the Mental Health Parity Act, and the Newborns' and Mothers' Health Protection Act, federal laws enacted in 1996, contain a number of provisions that have affected the SHBP since January 1998. HIPAA required all group health plans to implement the following provisions that are contained in the three federal laws:

#1 - Limit the use of pre-existing condition restrictions to a maximum of twelve months;

#2 - Offer a special enrollment period to employees and dependents who do not enroll in the plan when initially eligible because they have other coverage, and who subsequently lose that coverage;

#3 - Eliminate discrimination against participants and beneficiaries based on health status;

#4 - Provide a minimum level of hospital coverage for newborns and mothers, generally 48 hours for a vaginal delivery and 96 hours for a cesarean delivery;

#5 - Provide parity in mental health benefits that is, any dollar limitations applied to mental health treatment cannot be lower than those on medical and surgical benefits.

Since January 1, 1998, all SHBP plans have met or exceeded HIPAA requirements #1 through #4 above. SHBP HMOs also have complied with requirement #5 above. The State Health Benefits Commission filed exemptions from HIPAA compliance on mental health parity (requirement #5) each year since 1998 for the Traditional Plan and NJ PLUS, as self-insured, non-federal governmental plans are permitted to do. The Commission has voted to continue that exemption through 2003. As a result, the mental health limits for the Traditional Plan and NJ PLUS that are described in the *SHBP Summary Program Description* and the *Traditional Plan and NJ PLUS Member Handbooks* will remain in effect throughout 2003.